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RUEAWJC/DEPT OF JUSTICE WASHDC  
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UNCLAS SECTION 01 OF 02 PRETORIA 000964

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SUBJECT: SOUTH AFRICA: INPUT FOR PRESIDENT'S 2006 REPORT ON AGOA

REF: A. 06 STATE 26707

[1](#)B. 05 PRETORIA 4109

[1](#)1. (U) This cable responds to the request for post input to the President's 2006 Report on AGOA, drawing on instructions provided in Ref A.

Market Economy, Economic Reform, and the  
Elimination of Barriers to U.S. Trade  
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[1](#)2. (U) The South African government continues to implement prudent fiscal and monetary policies. Inflation averaged 3.9% in 2005, well within the Central Bank's 3-6% target range. Economic growth, at 4.9%, exceeded government expectations for 2005. The 2006 budget once again focused on maintaining the fiscal balance as well as accelerating economic growth so as to alleviate high unemployment. The President and Deputy President have announced the Accelerated and Shared Growth Initiative in an effort to remove obstacles to higher growth. Central to this initiative is greater government spending, especially on infrastructure, and helping local and provincial government to better implement government programs and deliver public services to the poor.

[1](#)3. (U) Negotiations on a free trade agreement with the Southern African Customs Union (SACU) have stalled over the reluctance of SACU to negotiate chapters on labor, environment, intellectual property, government procurement, and services. A bilateral tax treaty and a Trade and Investment Framework Agreement remain in force. South Africa provides national treatment to foreign investors. The country has made considerable progress on enforcing intellectual property rights. The Department of Trade and Industry is creating a 36-person strong enforcement unit and the judiciary increasingly understands the complexity and specialized nature of intellectual property rights. Specialized Commercial Crime Courts have been established in the major cities of Johannesburg, Pretoria, Durban, Cape Town, and Port Elizabeth. In January 2005, the harshest ever sentence for pirating was meted out, i.e., eight years in jail or a fine of R440,000 (\$67,000). A gap in the counterfeit goods law makes it difficult to seize pirated goods that transit South Africa.

## Rule of Law, Political Pluralism. and Anti-Corruption

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¶4. (U) The government is committed to the rule of law and is working to strengthen its judicial and regulatory systems. The judiciary is independent at all levels. South Africa maintains a multiparty parliamentary democracy within which political parties are allowed to operate freely. Free and fair municipal elections were held March 1, 2006. While the African National Congress holds an overwhelming majority in Parliament and in other levels of elected government, several opposition parties are quite active. Municipal service delivery and corruption remain a challenge. The government has prosecuted dozens of members of Parliament, municipal councilors, and the former Deputy President for corruption.

## Poverty Reduction

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¶5. (U) Poverty reduction and job creation are major government priorities. The February 2006 budget contained additional measures to improve the social welfare payment system and the delivery of public services, such as water and sanitation, electricity, and telephony, especially to the rural poor. It also allocated funds for civil projects that employ labor-intensive methods as a means to create employment and impart job skills.

## Labor, Child Labor, and Human Rights

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¶6. (U) The South African constitution provides for equal protection under the law, freedom of speech and of press,

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freedom of assembly, and an independent judiciary. The constitution also protects strong worker rights, including freedom of association and the right to organize and bargain collectively.

¶7. (U) Approximately 26 percent of economically active South Africans belong to 485 registered trade unions. South Africa ratified ILO conventions 29 and 105, and prohibits forced or compulsory labor. In sectors where unions have found it difficult to organize, such as farming and domestic work, the Department of Labor has established sector-wide minimum wages.

¶8. (U) South Africa is actively engaged in reducing the incidence of child labor, including the worst forms of child labor. The government is taking preventative measures, including eligibility for income grants for poor children under the age of 11 and waivers of school fees for poor children, and actively prosecuting employers of child labor. The SAG prohibits child labor for children under the age of 15 or under the minimum school leaving age (where the age is 15 or older), and does not allow the employment of children over age 15, should that employment be detrimental to the child. Children under age 15 are allowed limited employment in film, entertainment, sports and advertising, if the employer has applied for and been granted license by the South African Department of Labor. South Africa has ratified ILO convention 182 on the worst forms of child labor. The latest survey of child labor was conducted in 1999, and found that 36 percent of children between the ages of 5 and 17 engaged in work of some type, most frequently fetching fuel or water. The high incidence of HIV/AIDS in the country has complicated the picture somewhat because it has led to a marked increase in the number of child-headed households.

¶9. (U) The government has focused high-level attention on the human rights issues involving law enforcement, however deaths caused by excessive force from police and/or security forces and deaths while in police custody have been reported. Some police officers have reportedly beat, raped, and otherwise

abused suspects and detainees. The government has taken  
action to investigate and punish some of those involved.  
TEITELBAUM